

# MANHATTAN BOROUGH-WIDE INTERAGENCY COUNCIL ON AGING, INC.

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December 12, 1997

Ms. Cynthia L. Johnson, Director  
Cash Management Policy and Planning Division  
Financial Management Service  
U.S. Department of the Treasury  
401 14th Street S.W. - Room 420  
Washington, D.C. 20227

## MEMBER COUNCILS

East Harlem Interagency  
Council for Older Persons, Inc.

East Side Council  
On the Aging

Harlem Interagency Council  
For the Aging

Lower East Side/Lower  
Manhattan Inter-Agency  
Council For the Aging, Inc.

Lower West Side Council  
For The Aging

Murray Hill Interagency Council  
On Aging, Inc.

Washington Heights & Inwood  
Council On Aging, Inc.

West Side Inter-Agency  
Council For The Aging, Inc.


Re: Proposed Rulemaking - 31 CFR Part 208

Dear Ms. Johnson,

It was indeed a pleasure to meet both you and Ms Diane Johnson at our New York meeting on November 12th and then to see you again in Washington on the 21st of November at the EFT East Coast Regional Meeting.

Enclosed is our response to 31 CFR Part 208. Manhattan Borough-Wide Interagency Council on Aging, Inc. certainly appreciates the opportunity to address this all important issue.

Sincerely,

  
Barbara McFadden  
President

Encl.

Manhattan Borough-Wide Interagency Council on Aging, Inc. is a not-for-profit social service, education and training organization, supported primarily through the New York City Department for the Aging, the Office of the Manhattan Borough President, and by contributions from private individuals, foundations and corporations.

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## **Introduction**

Manhattan Borough-Wide Interagency Council on Aging is a consortium of eight interagency councils on aging located throughout the borough of Manhattan, in New York City. Each member council represents a broad coalition of both the organizations providing services to the elderly, and the recipients of those services. Member agencies serve a client population of more than 265,000 elderly, of whom approximately 20% are age 80 or older.

Our mission is to educate individuals, consumers, service providers and elected officials regarding the needs and concerns of older adults; to advocate on their behalf; and to empower them to effect change by providing a forum where members and the general public can meet, and exchange ideas and information. Our November forum was devoted exclusively to the issue of electronic banking transfers as it impacts on the elderly.

Since the regulations implementing "EFT99" will have a significant effect on our constituents, we welcome the opportunity to comment on the proposed implementation.

## **Overall Concerns**

While EFT99 has the potential to benefit many of those who currently receive Federal checks, there are still issues of importance which have not been adequately addressed. Our concerns fall into four broad categories:

- ⇒ Waivers: the need for expanded categories, ease of use, widest possible availability
- ⇒ Fiscal Costs to the Benefit Recipient: what are "reasonable" fees, what are the ancillary costs
- ⇒ Education: the immediate need for information, the cost of providing information, the need for community input as materials are developed
- ⇒ Overcoming Consumer Resistance: the need to address the reasons recipients choose not to use direct deposit, and to offer real remedies

## **Waivers**

Waivers must be as simple as possible to complete. Since Treasury has proposed a form of self-certification waiver, we would hope this means a form of one page or less, accompanied by simply stated instructions for its completion. We believe it is critical that Treasury release the form of waiver now, so that interested parties have time to see what will be involved, and to propose changes if needed.

Waivers must be as widely accessible as possible. In addition to waivers for financial or geographic hardship and for physical disability, waivers must also be granted for reasons of mental

disability, inadequate language skills, and illiteracy. Clearly, as Treasury has already articulated, people with these kinds of problems have issues regarding payment by check as well. But solutions which these benefit recipients have worked out for cashing checks may not translate into solutions for dealing with direct deposit. An illiterate person, for example, may be able to recognize his name on a check, and the amount of the check. That does not mean he will be able to manage a checking account or read the instructions on an ATM. For this reason, the expansion of waiver categories is essential.

For some, the change to EFT will have psychic consequences as well. All change is inherently stressful and, for the most part, resisted. As we grow older, our discomfort in the face of change increases, as does our ability to cope with it. For the oldest benefit recipients, and for those with mental disabilities, it is cruel to force them to give up those systems which have worked well for them over many years. This is another reason why waivers must be broadly available.

Waivers must also be available to persons who do not initially need them but, due to changed circumstances, can no longer benefit from EFT. Similarly, they should be available to those now becoming eligible for benefits who do have a bank account, but do not want direct deposit and do meet one of the waiver requirements.

### **Fiscal Costs to the Benefits Recipient**

In New York City, banking costs are very high, and the number of staffed banking facilities is decreasing in the neighborhoods which house low- and moderate-income households. Fees which are reasonable for individuals who are comfortably middle-class are prohibitive for those of more modest means. For many low-income elderly, free banking which is freely accessible, is the only reasonable option. It is therefore essential that consumer groups have the major role in determining what is reasonable, rather than leaving this to the discretion of financial institutions.

In addition to the cost of accounts and transactions, benefit recipients may be faced with additional, unanticipated costs; for example, the costs of fraud and theft. Those who are new to electronic banking, or to any form of banking, may not know how to protect themselves from fraud, especially those who must depend on others to access their accounts for them, and those in high-crime areas whose account access cards might be stolen. There must be a way to limit the recipient's liability if their card is stolen or they become the victim of financial abuse.

Another cost to consumers which must be recognized is the cost of accessing 'touch-tone banking' for those without touch-tone phone service. The low-income elderly are more likely to be without phone service, or equipped with older rotary phones. While we do not expect that touch-tone phone service will be provided to EFT users, we should be aware that those who wish to take full advantage of electronic banking will have costs that go beyond bank fees. This is another reason why account maintenance and access fees should be zero.

## **Education**

Virtually all stakeholders who have previously offered comments have recognized the need for education of consumers and community groups. This is an area which needs to be implemented as soon as possible, in light of the timetable for implementation of EFT. Most consumers are unaware of the proposed changes, and many community-based organizations (CBO's) are as well.

Many of the CBO's on which consumers depend for information have limited resources which are already stretched very thin. It is unrealistic to expect that they will be able to devote significant staff resources to such tasks as writing proposals to access foundation money for education. Since the Federal government and the financial institutions stand to benefit from a successful implementation of EFT, they should fully underwrite the cost of the consumer education which CBO's will provide.

It is important that CBO's and other consumer groups have input into the content and delivery of the education campaign which the government will mount. We believe it is essential that educational materials offer specifics about the cost of EFT, as well as its potential benefits. Thus, it is important that these costs be established now, so that recipients can make informed decisions. Our member agencies cannot advise clients how to proceed if both they and we do not know what the client's cost will be. In addition to printed materials and public service announcements, it would be helpful to Treasury to have a toll-free number for consumers and service providers to call when they have questions.

## **Overcoming Consumer Resistance**

While education will be a primary vehicle to successful implementation of EFT, it is not the only one. Many people without banking accounts have valid reasons for not having them, so it is important to address their problems and to resolve them wherever possible. As a service provider, our responsibility is to advocate for our clients, not for EFT. However, as EFT is made more attractive to the consumer, it becomes more likely that the best decision for a client will be to participate rather than to waive out of the system.

A concerted effort must be made to ensure low-cost service; wide availability of banks, ATM's and POS terminals; the safety of deposited funds and the security of those accessing them; and an easy-to-access method, such as toll-free numbers, for answering questions and resolving complaints. Additionally, there must be iron-clad protection of EFT funds against garnishments and liens, in accordance with Federal law. While there obviously will be a price tag for such measures, the end result will be a win-win situation: benefits recipients will get significantly more with EFT than they give up, and the government gets more EFT enrollees.

### **Concluding Remarks**

We appreciate the considerable work which has been done to reach out to EFT stakeholders so that they may comment on the proposed regulations. However, much work remains to be done in a limited amount of time. We at Manhattan Borough-Wide are concerned that the dialog which has been started between Treasury and consumer groups continue so that the remaining issues are addressed, and so that issues which arise during the education and implementation phases will also be open to discussion and resolution by the broadest group of stakeholders possible.